

Team's Charge – Actions from 500+ Attendees of 2003 Transportation Summit

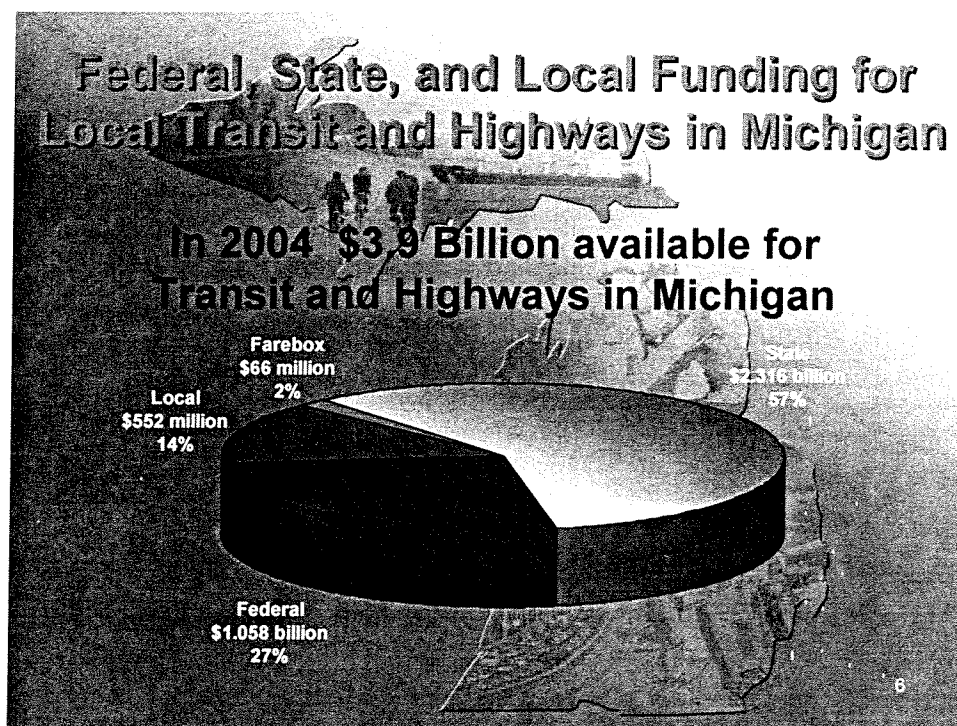
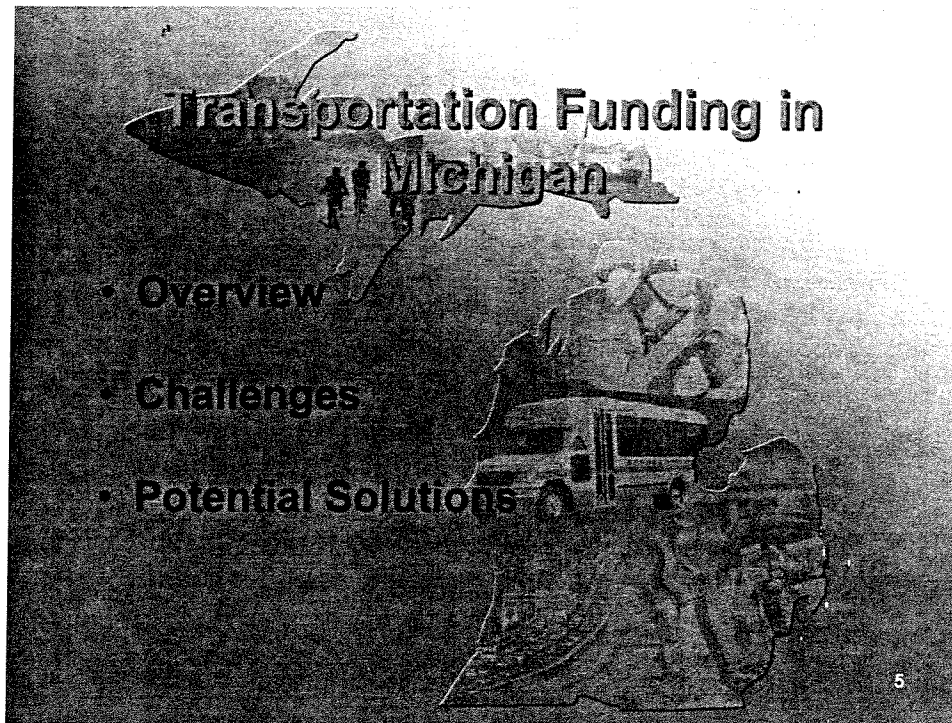
1. Increase diesel and gas taxes to more appropriate levels and identify additional sources of funding, including: regional funding, impact fees, tolls, payroll fees, local option taxes and other user fees.
2. Look for best practices for restructuring needs.
3. Encourage and advocate for Michigan's Congressional delegation to support a growing six-year bill that provides a 95% rate of return for Michigan.

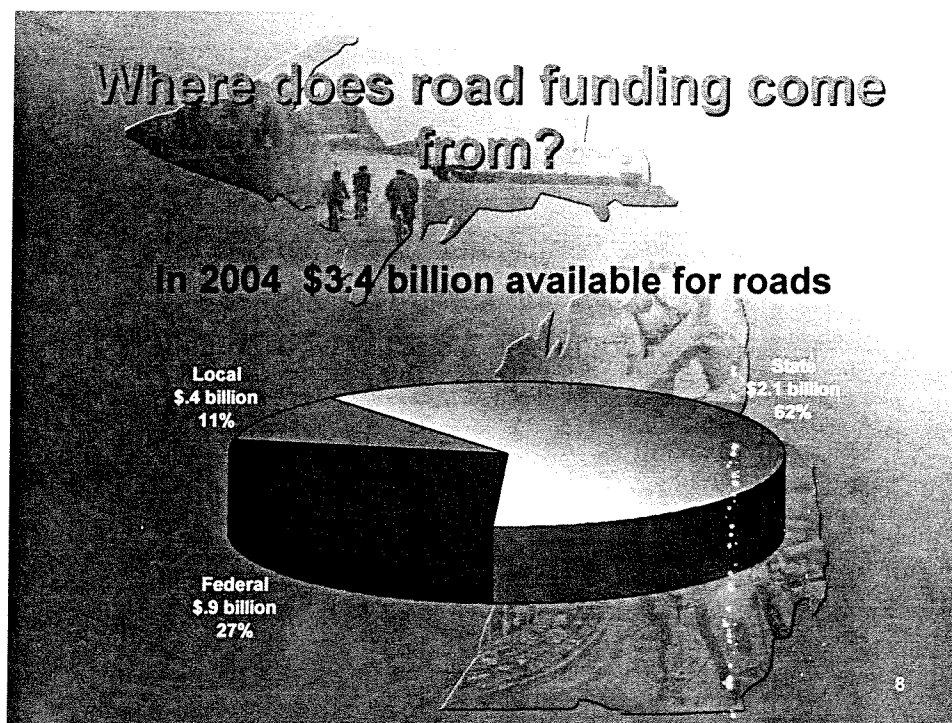
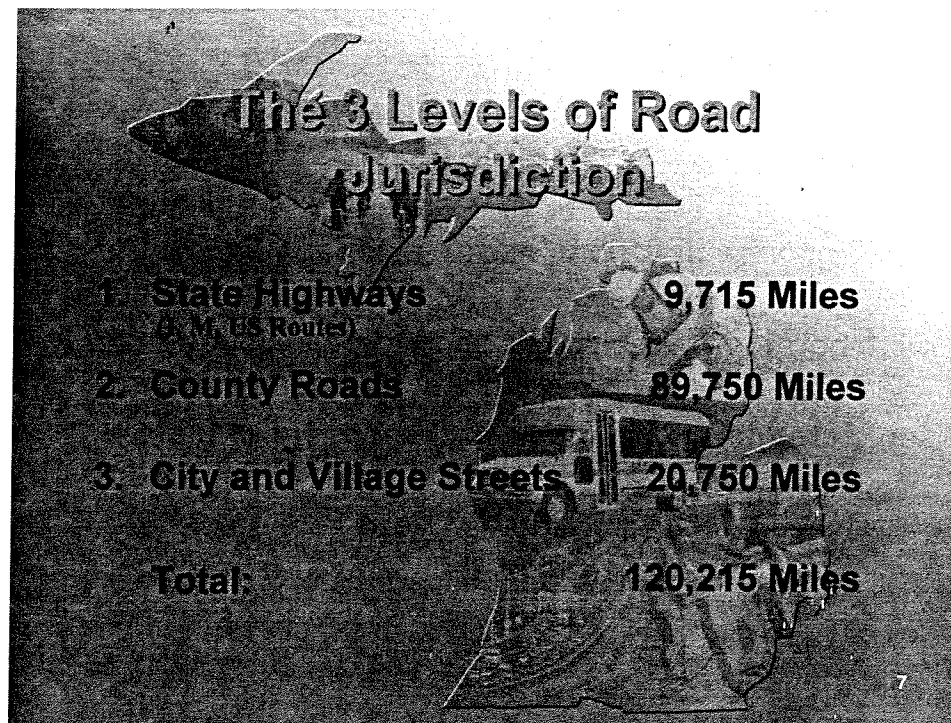
3

Team's Charge – Actions from 500+ Attendees of 2003 Transportation Summit

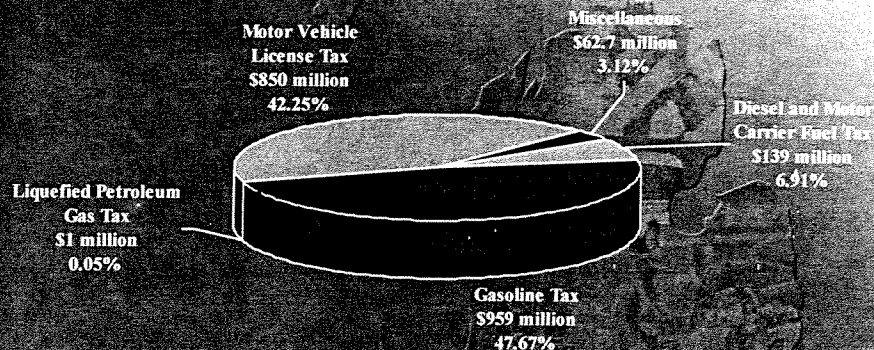
4. Education of the public and elected officials to understand the cost and complexities of constructing and maintaining the transportation system.
5. Look for best practices for restructuring transportation funding and allocation.

4

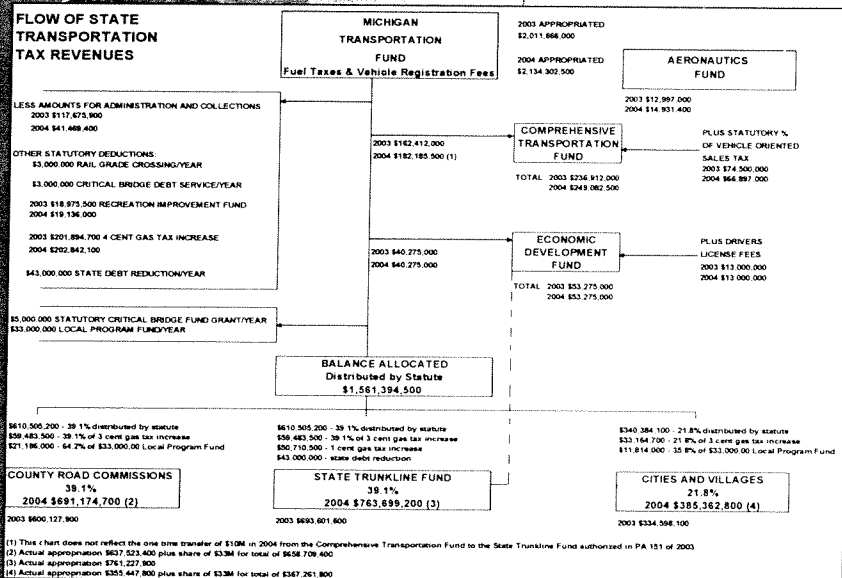




Sources of Michigan Transportation Fund Revenue



Michigan Transportation Fund Formula

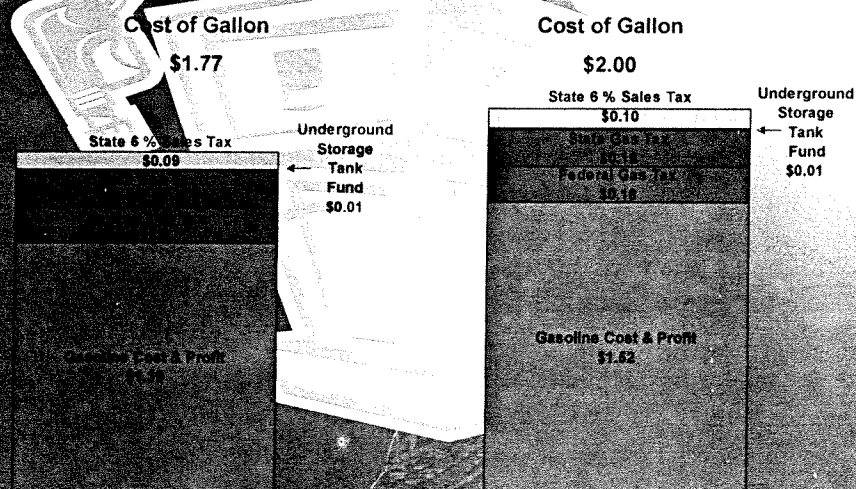


State Gas Tax

- 1 cent per gallon when raised in 1982 (indexed to inflation along w/registration fees).
- Increased 2 cents/gallon in 1983 and 1984.
- Reached "cap" level of 15 cents/gallon in 1984.
- Held steady at 15 cents for 13 years.
- Raised 4 cents per gallon in 1997 ("BMII").
- Diesel tax remains 15 cents per gallon.
- More cars, efficiency, alternatives.
- Fuel tax growth at 1.3% per year.

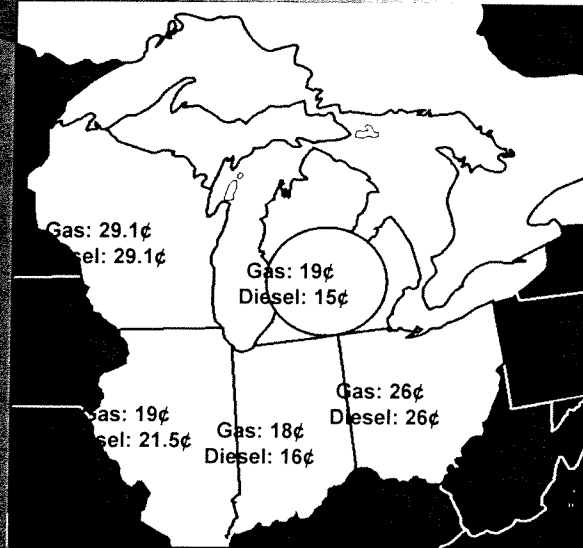
11

Components of the Price of a Gallon of Gasoline



12

Gas & Diesel Tax Rates of Neighboring Jurisdictions (per gallon)



13

Vehicle Registration Fees

- Historically based on vehicle weight.
- 1970's gas crisis led to smaller cars and diminishing income.
- As part of 1982 transportation package, registration fees were tied to the value of the vehicle (ad valorem).
- Average license fee is ~\$100.
- Growth is roughly 7.0% per year.

14

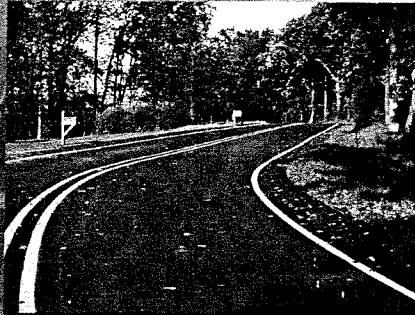
Local Road Funding in Michigan

Total local revenue contributed to road improvements throughout the state in 2004:

Approximately \$ 366 million

Sources

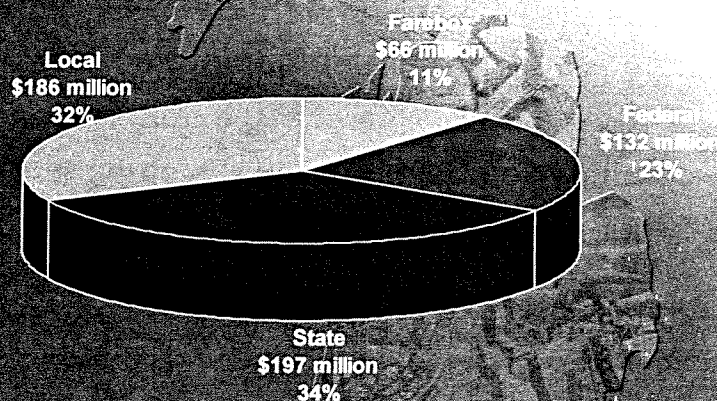
- Countywide millages
- Township contributions
- Special assessments
- General obligation bonds
- Cities & villages



15

Federal, State, and Local Funding for Local Transit in Michigan

\$582 million in 2002



16

Transit Services

- 79 transit agencies, urban and rural, serving 89 million passengers.
- 132 specialized service agencies transported 1.52 million passengers in 2003.
- 12 local Rideshare Offices and 112 MichVan commuter vanpool groups.
- Ferry Services provided service to 566,000 vehicles and 937,000 passengers in 2003.

17

What Does \$10 Million Dollars buy?

- 25 "urban" buses, or
- 1/3 mile of reconstructed urban freeway, or
- 20 miles of reconstructed railroad track, or
- 5 miles of runway for a General Aviation Airport, or
- 25 miles of resurfacing a rural 2 lane road, or
- Rehabilitation of 10 bridge structures.



18

The Value of Transportation

Average Michigan resident pays equivalent of approximately \$29.99 each month in fuel tax and vehicle registration fees.

\$29.99

Transportation in Michigan is a **GREAT VALUE!**

19

Michigan's Transportation System

Provides Travel Options

- 120,000 miles of public roads
- 79 Counties with Transit Service
- 40 Marine Ports
- 1,300 miles of Trails
- 5 Round-trips by Train to Chicago Daily

Supports Tourism and Provides Access to Michigan's Natural Beauty

- 83 Rest Areas
- 24 Scenic Turnouts
- 50 Recreational Ports
- 42 Million Visitors
- \$15 Billion in Tourism Expenditures

20

Michigan's Transportation System

Moves Products to Markets

- 564 million Tons of Truck Freight
- 116 million Tons of Rail Freight
- \$392 billion in Goods within Michigan
- \$480 billion in Goods Through Michigan
- Support 4.6 million Job Statewide
- Spurs the Michigan Economy
 - 26,500 jobs from highway investment
 - 11,300 jobs from transit investments

21

A Transportation System with National & International Significance

- 27% of North American Land Based Trade
- 45% of North American Rail Trade.
- Busiest Border Crossings in US
- 7th in nation in tourism.
- 2nd in number of miles of non-motorized trails.
- More commercial & recreational ports than any other Great Lakes state.
- 7th busiest airport in nation based on operations.

\$29.99

22



Michigan's Transportation Problems

1. Sustaining Condition
2. Addressing Congestion
3. Providing Choices

23

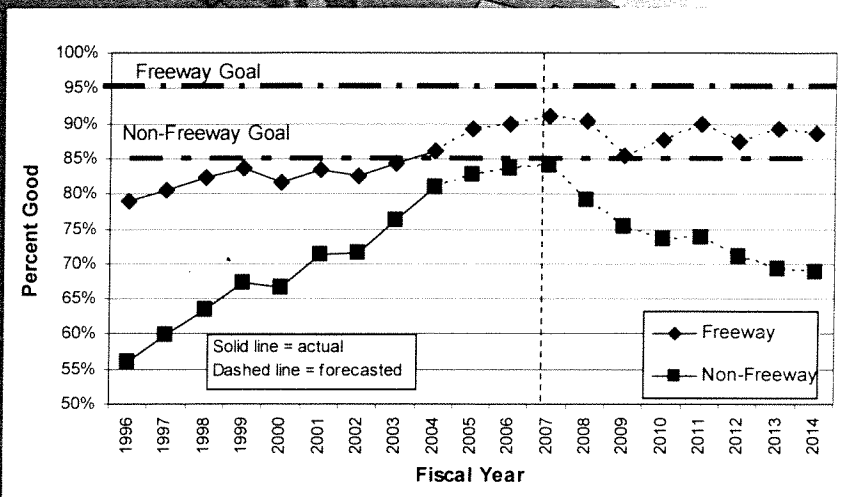


Reasons For Poor Condition

- Age of pavement
- Amount of traffic
- Freeze – thaw cycles
- Under funding

24

Statewide Trunkline Pavement Condition



Why is There a Congestion Problem?

- Change in commuting patterns since 1960.
- No single, common commuter destination.
- Increased vehicles per family.
- Increased vehicle miles traveled per vehicle.
- Lower population density & free parking in suburbs are deterrents to transit.

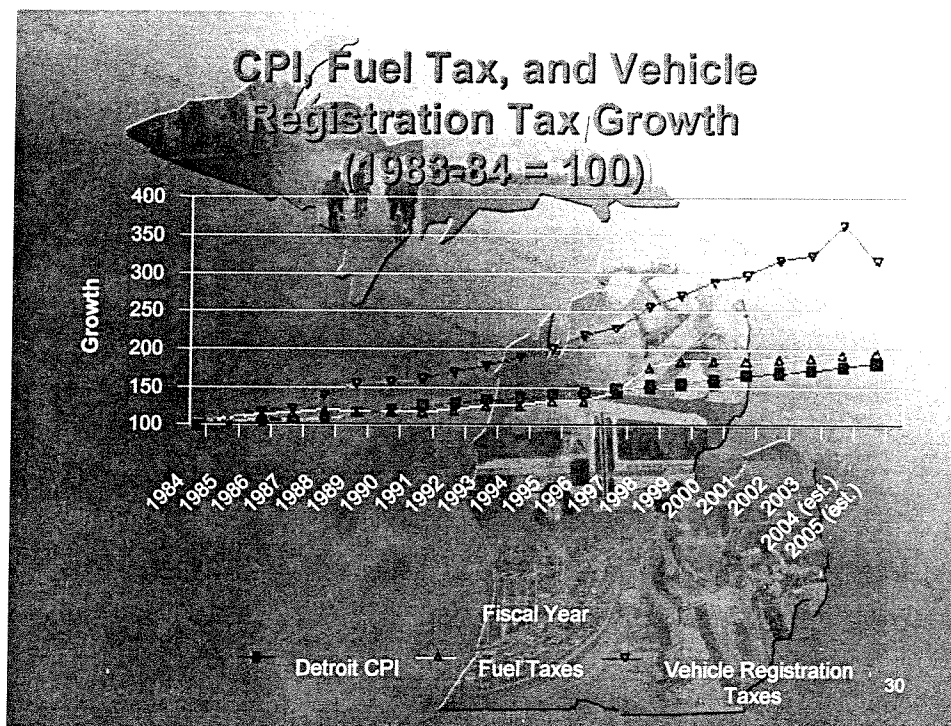
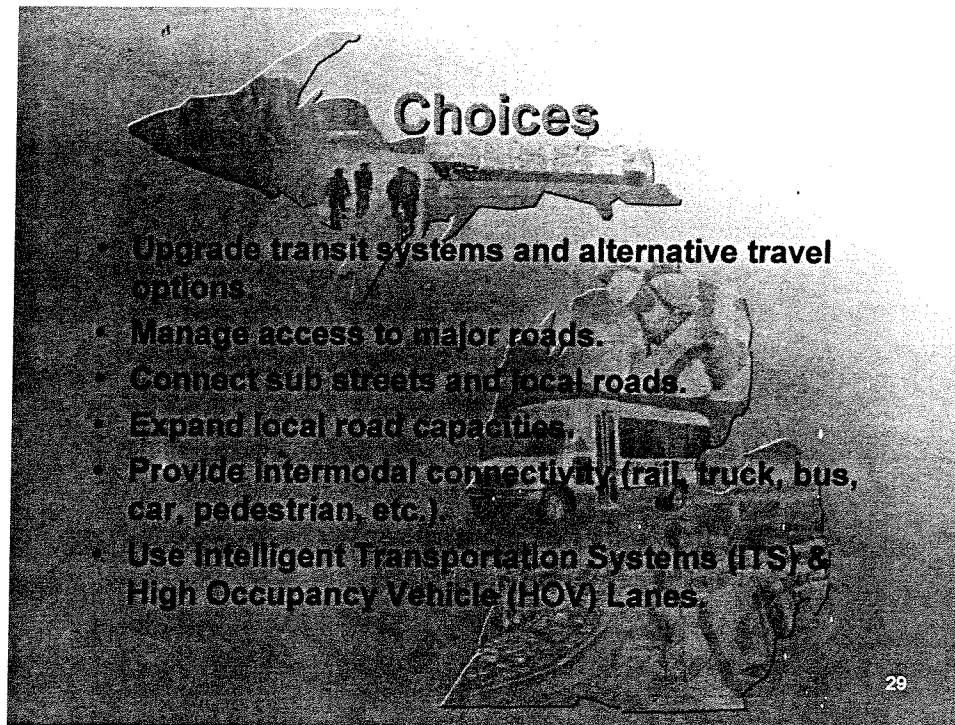
This is a detailed map of the Detroit metropolitan area and surrounding regions. The map shows a dense network of roads and highways, with major routes highlighted in thicker lines. Key cities and towns are labeled, including Detroit, Pontiac, Troy, Novi, Farm Hills, Sthfld., and others. Major highways are marked with numbers in circles, and various landmarks like Lake St. Clair and Lake Erie are also labeled. The map is oriented with North at the top.

2

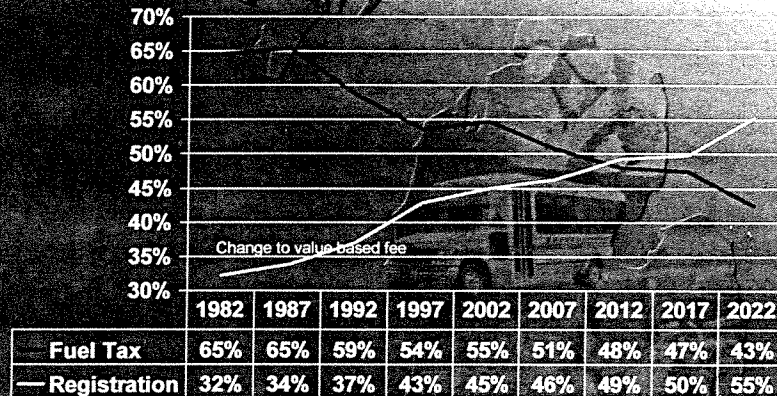
211% increase

Category	1960	2000
Annual Vehicle (in billions)	~32,000,000	~100,000,000
Miles of Travel (in billions)	~32,000,000	~100,000,000
Highway, Road & Street Mileage (in thousands)	~108,000,000	~118,000,000

28



Mix of Fuel Taxes and Registration Fees in MTF



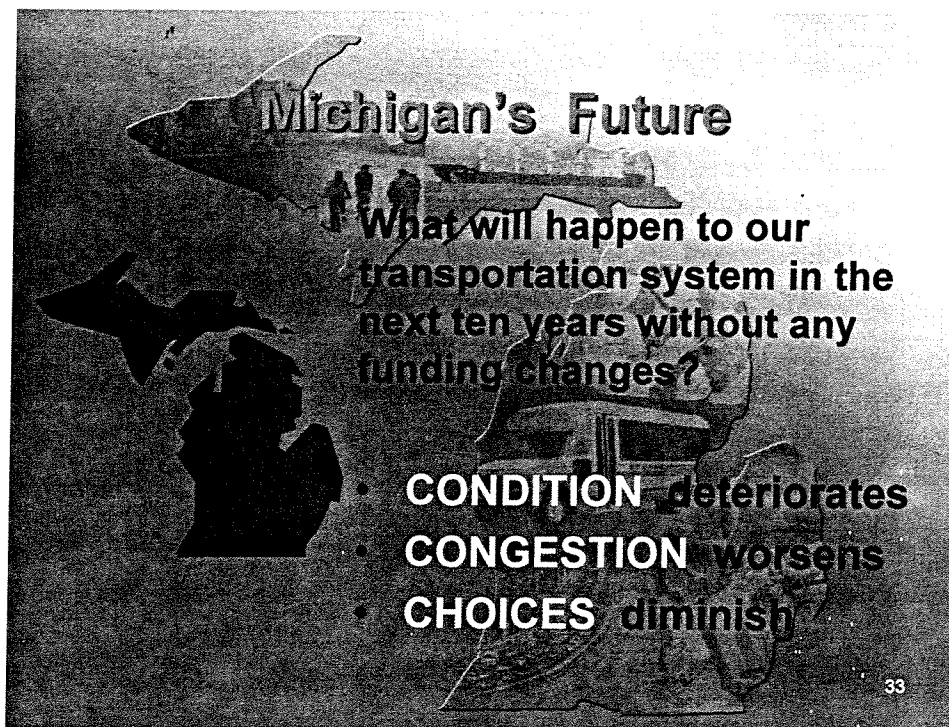
31

State Transportation Revenue Levels

	Total AVMT millions	Total MTF Revenue millions	Total MTF Revenue 2003 dollars (millions)	Revenue per 1 million miles traveled 2003 dollars	% Change
1989	33,084	\$218	\$1,418	\$42,836	
2003	100,192	\$2,000	\$2,000	\$19,965	(53%)

*AVMT = Average Vehicle Miles of Travel

32

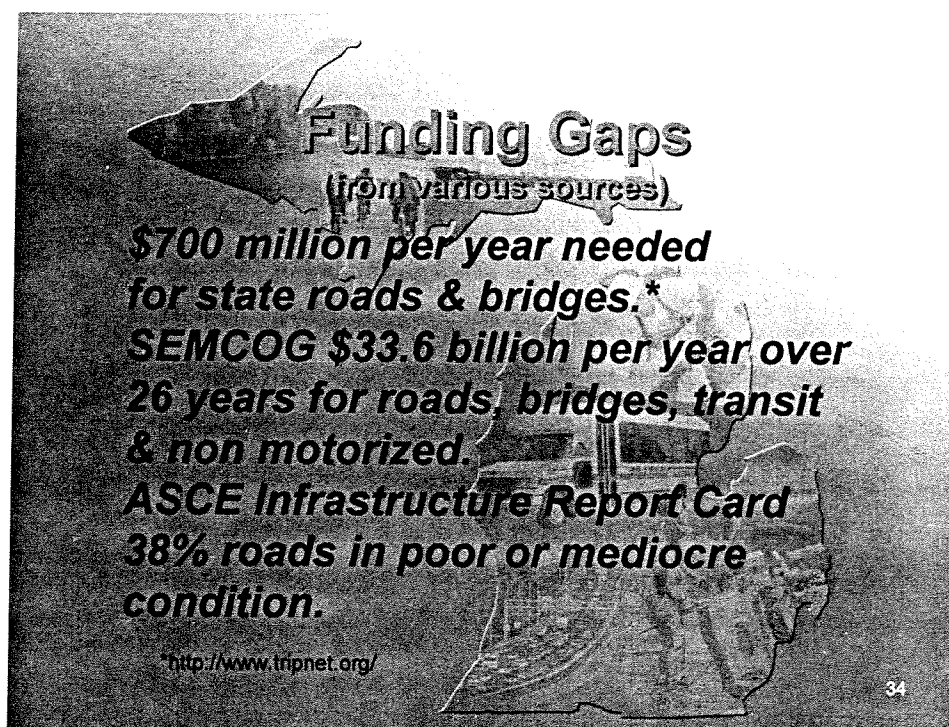
The background of the slide features a dark, textured map of Michigan. Overlaid on the map are silhouettes of a car and a bus, and a small group of people walking. The title 'Michigan's Future' is at the top in a bold, sans-serif font.

Michigan's Future

What will happen to our transportation system in the next ten years without any funding changes?

- **CONDITION** deteriorates
- **CONGESTION** worsens
- **CHOICES** diminish

33

The background of the slide features a dark, textured map of Michigan. Overlaid on the map are silhouettes of a car and a bus, and a small group of people walking. The title 'Funding Gaps' is at the top in a bold, sans-serif font.

Funding Gaps

(from various sources)

*\$700 million per year needed for state roads & bridges.**

SEMCOG \$33.6 billion per year over 26 years for roads, bridges, transit & non motorized.

ASCE Infrastructure Report Card 38% roads in poor or mediocre condition.

*<http://www.tripnet.org/>

34

**We Cannot Expect Washington to
Take Care of All Our Needs . . .**



**Even if we get up
to \$300 mil/yr
back, how can we
increase the state
investment in our
roads, bridges
and transit?**

35

13 Potential Solutions

(Baker's Dozen)

Traditional Funding Sources

- 1. TEA 21 Fair Share (up to \$300 million/yr).**
- 2. Eliminate Interdepartmental Grants (\$45 million).**
- 3. Gas Tax Increase (1 cent = \$50 million).**
- 4. Diesel Fuel Tax Increase (1 cent = \$10 million).**
- 5. Registration Fee Increase.**

36

13 Possible Solutions Non-Traditional Funding Sources

*Can 20th Century revenue
assumptions fund
Michigan's 21st Century
Transportation system?*



37

13 Potential Solutions Non-Traditional Funding Sources

6. Index gas tax to inflation.
7. Local option fees & taxes.
8. Regional Infrastructure Initiative.
9. Toll roads.
10. Sales tax to replace gas tax.
11. Impact Fees (development).
12. User fee based on miles driven.
13. Sales tax on fuel into Michigan Transportation Fund.

38

